

HOUSE BILL No. 1329

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-11-5-1.5; IC 6-1.1-17-16.2.

Synopsis: State examiner findings. Specifies requirements for corrective action when audited entities fail to comply with certain guidelines or laws. Requires the department of local government finance to deny the budget or supplemental appropriation of an audited entity under certain circumstances.

Effective: July 1, 2016.

Slager

January 12, 2016, read first time and referred to Committee on Government and Regulatory Reform.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1329

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-11-5-1.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 1.5. (a) As used in this section, "audited entity"**
4 **includes only the following:**

5 (1) A state agency (as defined in IC 4-13-1-1).

6 (2) A public hospital.

7 (3) A municipality.

8 (4) A body corporate and politic.

9 (5) A state educational institution (as defined in
10 IC 21-7-13-32).

11 (6) An entity to the extent that the entity is required to be
12 examined under IC 5-11-1-9 or another law.

13 (b) If an examination report contains a finding that an audited
14 entity failed to observe a uniform compliance guideline established
15 under IC 5-11-1-24(a) or to comply with a specific law, the audited
16 entity must take action to address the audit finding.

17 (c) If a subsequent examination report of the audited entity



contains a finding that is the same as or substantially similar to the finding contained in the previous examination report described in subsection (b), the public officer of the audited entity shall file a corrective action plan as a written response to the report under IC 5-11-5-1(b).

(d) The state board of accounts shall create guidelines for use by an audited entity to establish a corrective action plan described in subsection (c). The guidelines must include a requirement that the issue that is the subject of a finding described in subsection (c) must be corrected within six (6) months after the date on which the corrective action plan is filed.

(e) The state board of accounts shall review all corrective action plans filed under subsection (c). If a corrective action plan is not implemented or the issue that is the subject of the finding is not corrected within six (6) months, the state board of accounts shall prepare a memorandum summarizing:

- (1) the examination report finding;
- (2) the corrective action plan;
- (3) the manner by which the examination report finding was or was not addressed; and
- (4) a recommended course of action.

(f) The state board of accounts shall present to the audit committee established by IC 2-5-1.1-6.3 a memorandum described in subsection (e). If the audit committee determines that further action should be taken, the audit committee shall do at least one (1) of the following:

- (1) Request a written statement from the public officer of the audited entity.
- (2) Require the personal attendance of the public officer of the audited entity at the next audit committee meeting.
- (3) Order the public officer of the audited entity to take corrective action.
- (4) Notify the department of local government finance that the audited entity refused to:
 - (A) correct the audited entity's failure to observe a uniform compliance guideline established under IC 5-11-1-24(a); or
 - (B) comply with a specific law;
 with notice of the recommendation published on the general assembly's Internet web site.
- (5) Refer the facts drawn from the examination and the actions taken under this section to the prosecutor of the



1 **county in which a crime may have been committed, with**
 2 **notice of the referral published on the general assembly's**
 3 **Internet web site.**

4 SECTION 2. IC 6-1.1-17-16.2, AS AMENDED BY P.L.184-2015,
 5 SECTION 8, AND AS AMENDED BY P.L.245-2015, SECTION 12,
 6 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2016]: Sec. 16.2. (a) The department of local
 8 government finance may not approve the budget of a taxing unit or a
 9 supplemental appropriation for a taxing unit until the taxing unit files
 10 an annual report under IC 5-11-1-4 or IC 5-11-13 for the preceding
 11 calendar year, unless the taxing unit did not exist as of ~~the assessment~~
 12 ~~date~~ *March 1* of the calendar year preceding the ensuing calendar year
 13 by two (2) years. This section applies to a taxing unit that is the
 14 successor to another taxing unit or the result of a consolidation or
 15 merger of more than one (1) taxing unit, if an annual report under
 16 IC 5-11-1-4 or IC 5-11-13 has not been filed for each predecessor
 17 taxing unit.

18 *(b) After June 30, 2016, the department of local government finance*
 19 *may not approve the budget of a taxing unit or a supplemental*
 20 *appropriation for a taxing unit if the department of local government*
 21 *finance receives information from the state board of accounts that the*
 22 *political subdivision taxing unit has not corrected a violation under*
 23 *IC 5-11-1-27(i)(1) or IC 5-11-1-27(i)(2) within the period set forth in*
 24 *IC 5-11-1-27(i).*

25 **(c) After June 30, 2017, the department of local government**
 26 **finance may not approve the budget of a taxing unit or a**
 27 **supplemental appropriation for a taxing unit if the department of**
 28 **local government finance receives information from the audit**
 29 **committee established by IC 2-5-1.1-6.3 that the taxing unit has**
 30 **refused to:**

- 31 **(1) correct the taxing unit's failure to observe a uniform**
 32 **compliance guideline established under IC 5-11-1-24(a); or**
 33 **(2) comply with a specific law.**

